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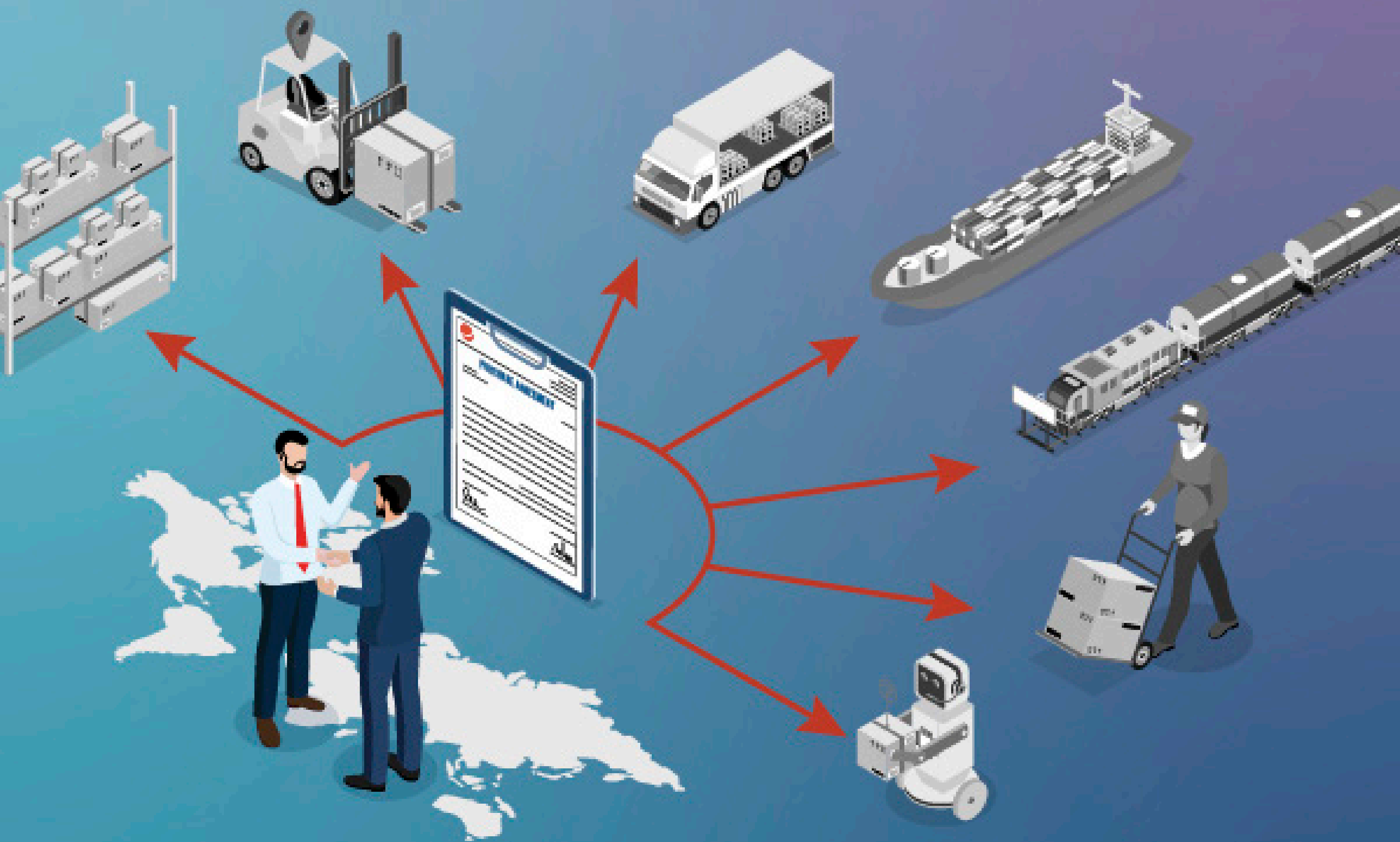

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Overcoming Financial Brick Wall Through Scrap-Dealing Entrepreneurship in Nigeria

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ABSTRACT

Many scrap dealers in Nigeria experience rapid financial loss despite the trade's potential to generate income. This instability not only undermines their livelihoods but also limits the broader socio-economic benefits that scrap-dealing entrepreneurship could provide. This study examined how scrap-dealing entrepreneurship can help overcome the financial brick wall in Nigeria. The specific objectives were to identify the factors that cause scrap dealers to experience rapid financial loss despite initial earnings and to explore strategies that can help them sustain income and overcome financial challenges. A survey research design was adopted, targeting scrap entrepreneurs across Nigeria, with a sample size of seventy-four respondents. Primary data were collected through structured interviews, and thematic analysis was used to examine the responses. Findings revealed that financial losses among dealers are driven by poor financial management, overleveraging, market volatility, intense competition, theft, and operational vulnerabilities, whereas income sustainability is enhanced by diversification, financial discipline, entrepreneurial skills, collaboration, digital tools, and health and safety measures. The study concludes that scrap-dealing entrepreneurship offers significant potential for income generation and resilience, but its effectiveness depends on adopting structured strategies and mitigating the risks that threaten financial stability. Hence, scrap dealers in Nigeria should receive targeted training and support programs that focus on financial management, debt management, and risk mitigation. By providing workshops, mentorship schemes, and accessible financial services, these institutions can equip dealers with the skills and resources to manage earnings, navigate market fluctuations, and protect their businesses from operational risks and losses. This approach ensures that dealers can convert short-term earnings into sustainable income, reducing the frequency of rapid financial collapse while fostering economic stability within the informal sector.

INTRODUCTION

Financial instability remains a persistent challenge for many entrepreneurs in Nigeria, particularly those engaged in informal sectors such as scrap-dealing. Scrap-dealing entrepreneurship has emerged as a viable strategy for overcoming what is commonly referred to as a "financial brick wall," offering individuals the opportunity to generate income from waste materials that would otherwise go unused. For clarity, a financial brick wall is basically a way of describing a situation where someone keeps running into problems with money and can't move forward. Imagine you're trying to reach a goal, like starting a business or saving for something important, but every time you make a bit of progress, something stops you: like unexpected expenses, debts, or not earning enough. It is like hitting a solid wall that blocks your financial progress, making it hard to grow your savings or income. In simple terms, it's just when money problems keep getting in the way of what you want to do financially. Of note, scrap business is attractive due to its low startup costs, ease of entry, and the potential for quick cash flow through the collection and sale of scrap metals, plastics, and electronic waste. In fact, studies show that scrap collection provides employment opportunities for individuals with limited formal education, who earn moderate incomes by trading metals, plastics, and e-waste (Kareem & Idowu, 2025; Riasat, 2024; Gyimah *et al.*, 2021). Despite these advantages, many scrap dealers experience a paradoxical cycle of financial boom followed by rapid decline. This pattern is often linked to poor financial management, where profits are not systematically tracked, and funds are spent on personal consumption rather than reinvested into the business (Oyedele, 2018; Oyedele *et al.*, 2018). The consequences are compounded by inadequate protective measures against market shocks and minimal formal government support (Kareem & Idowu, 2025; Yevuyibor, 2015). These challenges highlight the need to understand not just how scrap-dealing can generate income, but also why this income is often unsustainable in the Nigerian context, reinforcing the importance of strategic planning and financial discipline for informal entrepreneurs.

In addition to financial mismanagement, the volatility of the scrap market and excessive dependence on a single category of material often contribute to the sudden collapse of dealers' finances. Scrap prices are highly influenced by global commodity trends, local demand, and currency fluctuations, making income unpredictable for individuals who do not diversify their sources of scrap or adapt to changing market conditions (Gyimah *et al.*, 2021; Omar & Kyessi, 2018). Many dealers also operate in highly competitive environments, where undercutting and over-saturation of scrap types can depress earnings

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rapidly (Yevuyibor, 2015). The risk is compounded by over-leveraging through loans or credit facilities used to expand operations prematurely, which often traps entrepreneurs in cycles of debt when expected profits fail to materialize (Fofana, 2009; Kareem & Idowu, 2025). Theft, fraud, and unscrupulous middlemen further erode earnings, as scrap is an easily movable and easily misappropriated commodity (Atogebania, 2015; Riasat, 2024). Without adequate risk management strategies, dealers who appear prosperous may face sudden liquidity crises, reinforcing the transient nature of financial stability in the sector. These factors highlight the precariousness of scrap entrepreneurship in Nigeria, where success requires more than just the ability to collect and sell materials; it demands strategic planning, careful financial oversight, and an awareness of market trends to ensure longevity and resilience (Oyedele *et al.*, 2018; Omar & Kyessi, 2018).

Despite these challenges, scrap-dealing entrepreneurship remains a critical avenue for income generation and poverty alleviation in Nigeria. The opportunity to transform discarded materials into cash enables individuals to access a source of livelihood that is available even to those with minimal formal education or capital (Kareem & Idowu, 2025; Gregory, 2025; Fofana, 2009). However, the recurrent pattern of rapid wealth accumulation followed by abrupt financial collapse calls for structured interventions and capacity-building among scrap dealers. Key lessons can be drawn from examining the seven primary factors that often lead to failure: poor financial management, lack of diversification, intense competition, market volatility, over-leverage, theft and fraud, and absence of reinvestment strategies (Oyedele, 2018; Gyimah *et al.*, 2021; Atogebania, 2015). By addressing these areas, entrepreneurs can potentially convert scrap-dealing into a sustainable and resilient enterprise. Understanding these dynamics is essential for policymakers, financial institutions, and development agencies seeking to support informal entrepreneurs and promote financial stability (Oyedele *et al.*, 2018; Omar & Kyessi, 2018; Kareem & Idowu, 2025).

In a thriving scrap-dealing business, entrepreneurs would be able to generate steady income from the collection, sale, and recycling of metals, plastics, and electronic waste. Individuals involved in the trade could grow their businesses over time, reinvesting profits to expand operations, diversify their products, and improve their financial standing. The trade would provide consistent employment opportunities for young people, especially those with limited formal education, while contributing to environmental management through proper waste collection and recycling. With proper financial planning and support, scrap dealers could maintain sustainable livelihoods, support their families, and contribute to local economic development, transforming the informal scrap sector into a dependable source of income (Gyimah *et al.*, 2021). In reality, many scrap dealers in Nigeria experience short-lived financial success followed by sudden collapse. Profits are often spent quickly without saving or reinvestment, leaving dealers vulnerable to market fluctuations. Dependence on a single type of scrap, intense competition, and fluctuating material prices make earnings unpredictable. Some dealers take loans to expand rapidly, only to be trapped in debt when returns fail to materialize. Theft, fraud, and untrustworthy buyers further reduce income, while inadequate government regulation and limited access to financial support leave dealers exposed to risks. As a result, the business, which has the potential to improve livelihoods, frequently becomes unstable, forcing entrepreneurs to repeatedly rebuild or abandon their operations.

The consequences of this instability are significant for individuals, families, and communities. Dealers who lose their earnings may struggle to meet basic needs, causing financial strain on households. Children and young people may be drawn into labor-intensive scrap collection to supplement household income, disrupting education and personal development (Gregory, 2025). Communities miss out on the full socio-economic and environmental benefits of organized scrap management, including employment generation, local recycling, and waste reduction. The unpredictable nature of income from scrap dealing limits long-term planning and perpetuates cycles of poverty, preventing many from breaking free of financial challenges despite engaging in seemingly lucrative trade. Addressing the factors that cause rapid financial collapse among scrap dealers is therefore crucial to turning scrap entrepreneurship into a reliable path out of financial hardship. Despite the growing body of research on scrap-dealing entrepreneurship, gaps remain in understanding the specific mechanisms that lead to rapid financial loss and the strategies that can sustainably improve income among dealers in Nigeria. Studies such as Kareem and Idowu (2025) and Gyimah *et al.* (2021) highlight that limited education, poor financial practices, and operational risks constrain earnings, while Riasat (2024) and Omar and Kyessi (2018) emphasize the role of recycling practices and local market dynamics in income generation. Research by Oyedele (2018), Oyedele *et al.* (2018), and Yevuyibor (2015) illustrates that entrepreneurial skills, mentoring, and collaborative networks can enhance income and employment opportunities, yet these studies do not fully explore how these factors interact to prevent financial collapse in Nigeria's informal scrap sector. Gregory (2025), Atogebania (2015), and Fofana (2009) provide evidence on the socio-economic impact of scrap activities, including poverty alleviation and employment, but they primarily focus on child labor, environmental effects, or sustainability in other countries, leaving a contextual gap for Nigeria. Collectively, these studies demonstrate that while the socio-economic benefits, risks, and entrepreneurial potential of scrap-dealing are well-documented, there is limited empirical evidence linking these factors to strategies that can consistently mitigate financial instability and foster long-term wealth accumulation among Nigerian scrap dealers. This study therefore addresses the gap by examining both the causes of rapid financial loss and the practical strategies through which scrap-dealing entrepreneurship can support sustainable income and resilience in Nigeria. Hence, this study, therefore, focuses on how scrap-dealing entrepreneurship can help overcome the financial brick wall in Nigeria while highlighting the structural and operational pitfalls that contribute to the rapid dissipation of wealth among scrap dealers. The specific objectives are to: examine the factors that cause scrap dealers in Nigeria to experience rapid financial loss despite initial earnings; explore strategies through scrap-dealing entrepreneurship that can help individuals sustain income and overcome financial challenges.

LITERATURE REVIEW

Synthesis of Existing Empirical Studies

Factors that cause scrap dealers in Nigeria to experience rapid financial loss despite initial earnings

Scrap-dealing in Nigeria offers opportunities for income generation, yet many dealers experience rapid financial decline after initial earnings due to a combination of structural and operational challenges. Studies reveal that most participants in the scrap trade are young, often with limited formal education, and rely on daily collection and sales of metals, plastics, and e-waste to sustain livelihoods (Kareem & Idowu, 2025; Gyimah *et al.*, 2021; Yevuyibor, 2015). The lack of formal training and awareness of safe business practices exposes dealers to health risks, financial mismanagement, and operational inefficiencies. Gyimah *et al.* (2021) note that school dropouts dominate the trade, and while it reduces unemployment, their earnings are frequently insufficient to meet family needs. Similarly, Kareem and Idowu (2025) highlight that minimal protective measures, ineffective policies, and limited government engagement compound these vulnerabilities, making earnings unstable and short-lived. Fofana (2009) adds that inadequate social protections, such as pensions or insurance, leave workers exposed to financial shocks, further reinforcing the cyclical nature of sudden wealth followed by collapse.

Market volatility, competition, and reliance on a limited range of scrap materials also contribute to financial instability among dealers. Scrap prices fluctuate with local and global commodity trends, while the demand for certain materials can change rapidly, leaving dealers with unsold stock or low returns (Riasat, 2024; Omar & Kyessi, 2018). Atogebania (2015) emphasizes that while scrap provides economic benefits, improper management practices can reduce profitability, especially when dealers fail to diversify into multiple material types. Intense competition within informal markets, combined with risks of theft, fraud, and unscrupulous buyers, further reduces earnings and exposes dealers to sudden liquidity crises (Yevuyibor, 2015; Kareem & Idowu, 2025). Additionally, over-leveraging by borrowing to expand operations without strategic planning often traps dealers in debt, preventing them from sustaining income when profits decline (Fofana, 2009). The accumulation of these factors demonstrates that financial loss among scrap dealers is not random but linked to predictable operational and market vulnerabilities.

Social and environmental factors intensify the precarious financial situation of scrap dealers. Gregory (2025) highlights that in Tanzania, the involvement of children in scrap collection exposes households to labor exploitation and theft, a pattern also observed in Nigeria where family support and child labor supplement dealer incomes inconsistently. The lack of structured entrepreneurial guidance reduces skill acquisition and financial discipline, limiting dealers' ability to retain earnings (Oyedele, 2018; Oyedele *et al.*, 2018). Moreover, weak regulatory frameworks and limited government recognition of informal scrap enterprises exacerbate challenges, leaving dealers without institutional support or legal recourse in cases of theft or market disputes (Yevuyibor, 2015; Kareem & Idowu, 2025). Consequently, while the trade can provide significant short-term income, systemic, operational, and social challenges combine to create frequent financial collapse, trapping dealers in cycles of poverty and undermining the potential of scrap entrepreneurship as a stable livelihood.

Strategies through scrap-dealing entrepreneurship that can help individuals sustain income and overcome financial challenges

Scrap-dealing entrepreneurship has the potential to provide sustained income and reduce financial vulnerability when guided by effective strategies, skill development, and structured planning. Evidence shows that integrating entrepreneurial practices, such as mentoring, creativity, and innovation, enhances both income generation and employment creation among scrap operators (Oyedele, 2018; Oyedele *et al.*, 2018). Kareem and Idowu (2025) argue that training programs, simplified regulations, and the use of digital platforms can improve socio-economic outcomes by increasing efficiency, enabling dealers to access broader markets, and reducing exploitative practices. Riasat (2024) highlights the importance of local recycling and repurposing practices, which not only generate additional revenue streams but also reduce reliance on a single material, mitigating risks associated with price fluctuations. By adopting these strategies, scrap entrepreneurs can better manage profits, create multiple income sources, and sustain their businesses despite market uncertainties.

Diversification of scrap materials and risk management strategies are essential for maintaining financial stability. Atogebania (2015) shows that effective collection, storage, reuse, and recycling practices enhance profitability while mitigating environmental challenges. Similarly, Omar and Kyessi (2018) emphasize that multidimensional policies, including waste management regulations and support for business formalization, can stabilize income for dealers and improve operational efficiency. Dealers who invest in multiple types of scrap and implement structured storage and sales strategies are less susceptible to sudden price drops or market oversaturation. Gyimah *et al.* (2021) also point out that awareness of safe handling practices and environmental regulations can prevent losses due to fines, accidents, or damaged materials. In Ghana, Yevuyibor (2015) notes that collective action and organizational structures among dealers can strengthen negotiation power and reduce risks from theft or low payments, suggesting that collaboration is a critical strategy for sustaining revenue.

Government support, financial literacy, and community engagement further strengthen scrap-dealing entrepreneurship as a tool for overcoming financial challenges. Fofana (2009) advocates for policies that protect informal workers and provide social safety nets, enabling dealers to weather periods of low income. Gregory (2025) highlights that community awareness programs and engagement can reduce child labor and labor exploitation, ensuring that household resources are more effectively allocated toward productive activities. Kareem and Idowu (2025) emphasize that regulatory simplification, training, and digital platforms can enhance transparency and efficiency in scrap trade transactions. By combining entrepreneurship skills, diversification, and institutional support, scrap dealers can transform short-term gains into sustained livelihoods. The coordinated application of these strategies allows individuals to maintain consistent income, mitigate risks associated with market volatility, and leverage scrap-dealing as a viable means to overcome financial challenges and build long-term economic resilience.

Theoretical Framework

The study is anchored on Sustainable Livelihoods Theory was first propounded by Robert Chambers and Gordon Conway in 1992. It emerged from development studies as a way to understand how individuals and households manage their resources and activities to secure their livelihoods over time. The theory was developed to shift attention from short-term relief and income generation to long-term strategies that improve people's ability to cope with economic, social, and environmental challenges. Chambers and Conway focused on the capacity of people to combine different forms of assets, including human, social, natural, physical, and financial capital, to maintain a stable livelihood in a changing environment. The framework was intended to guide development policies and interventions toward empowering individuals and communities to build sustainable economic and social resilience.

The main postulations of the theory emphasize that sustainable livelihoods depend on the availability of diverse assets and the ability to use them effectively. People draw on human capital, such as skills and knowledge, to engage in productive activities, while social capital, including networks and community support, helps access opportunities and resources. Physical and natural capital provide the tools and raw materials necessary for income-generating activities, and financial capital supports investment and risk management. The theory also posits that vulnerability factors, such as market fluctuations, environmental hazards, or social inequalities, can undermine livelihoods unless individuals have strategies to mitigate these risks. Finally, the framework emphasizes that external structures, such as government policies, regulations, and institutional support, influence the success and sustainability of livelihood activities.

This theory is relevant to the study of scrap-dealing entrepreneurship in Nigeria because it provides a lens to examine how dealers manage resources to sustain income and overcome financial challenges. Scrap dealers rely on human capital in the form of skills and entrepreneurial knowledge, financial capital from earnings and savings, and physical capital such as tools and scrap materials to maintain their businesses. Social capital, including support from family, colleagues, and local networks, can help navigate competition and access buyers. Vulnerabilities such as price fluctuations, theft, and inadequate regulation mirror the risks identified by the theory, showing why some dealers experience rapid financial loss. Applying the Sustainable Livelihoods Theory allows this study to analyze the strategies that can help scrap entrepreneurs stabilize earnings, diversify activities, and improve long-term financial resilience, turning scrap dealing into a reliable source of livelihood.

MATERIALS AND METHODS

This study adopted a survey research design to examine how scrap-dealing entrepreneurship can help overcome the financial brick wall in Nigeria. The survey research design was chosen because it enables the collection of firsthand information from participants actively engaged in scrap-dealing activities (Nworie & Nworie, 2025; Nworie & Obi, 2024; Meshack *et al.*, 2022; Nworie *et al.*, 2023). This approach enables the researcher to gather comprehensive data on both the challenges that lead to rapid financial loss and the strategies that can sustain income over time. By focusing on the experiences of scrap entrepreneurs across Nigeria, the study aims to provide a broad understanding of operational and structural factors that influence financial outcomes in this sector.

The population for this study comprised all scrap entrepreneurs operating across Nigeria. A purposive sampling method was used to select a total sample size of seventy-four respondents, ensuring representation from each of the thirty-six states in the country as well as the Federal Capital Territory. Specifically, two scrap dealers were selected from each state and two from the FCT, providing a geographically diverse sample that captures different market conditions and operational practices. This sampling approach ensures that the study reflects the realities of scrap-dealing in both urban and semi-urban contexts, where income generation, market access, and challenges may vary. Participants were selected based on their active involvement in scrap collection, trading, and business operations, ensuring that the data collected would be relevant to the study's objectives.

Primary data were collected through structured interviews conducted with the selected scrap entrepreneurs. The interviews focused on obtaining detailed information regarding the factors that lead to financial loss, such as management practices, market dynamics, and competition, as well as the strategies employed by dealers to sustain income and maintain business operations. Questions were designed to capture both practical experiences and perceptions of participants, allowing for a rich understanding of challenges and solutions within the sector. The collected data were analyzed using thematic analysis, a method that involves identifying, coding, and interpreting patterns or themes within qualitative data. This approach enabled the researcher to systematically organize participants' responses, extract meaningful hints, and draw conclusions relevant to the study objectives. Thematic analysis also allows for the identification of recurring issues, innovative practices, and potential interventions that could help scrap dealers maintain financial stability and reduce the risk of sudden wealth loss.

RESULTS AND DISCUSSION

The study was guided by two research questions, viz:

i. What factors cause scrap dealers in Nigeria to experience rapid financial loss despite initial earnings?

ii. What strategies through scrap-dealing entrepreneurship can help individuals sustain income and overcome financial challenges?

Analysis of Research Question I

The thematic analysis of the interview data revealed multiple interconnected factors contributing to rapid financial loss among scrap dealers in Nigeria. One of the most prominent themes is poor financial management, where respondents consistently reported spending profits on personal needs rather than saving or reinvesting in their businesses. Many dealers acknowledged that they did not maintain records of income and expenses, which made it difficult to monitor cash flow or plan for lean periods. Closely linked to this is the theme of over-leveraging and debt, as some dealers borrowed funds to expand operations without clear repayment strategies, resulting in financial strain when expected returns did not materialize. Market volatility also emerged as a key factor; respondents highlighted that scrap prices for metals like copper, aluminum, and iron fluctuate frequently due to both local and global market trends. Dealers who failed to adjust purchasing and pricing strategies in response to these fluctuations often incurred losses.

Competition and oversupply in local markets were additional themes identified. Dealers noted that the presence of many operators in the same area often drives prices down and reduces profit margins, especially for common scrap types such as iron and plastics. Several respondents emphasized the role of theft, fraud, and unreliable buyers as a frequent cause of unexpected financial setbacks, reporting instances where materials were stolen, miscounted, or sold at unfair prices. Another theme is operational and environmental vulnerabilities, including health risks such as injuries, exposure to chemicals, and long hours, which sometimes forced dealers to halt operations temporarily, causing income loss. The cumulative effect of these themes indicates that rapid financial loss among scrap dealers is rarely caused by a single factor; rather, it results from a combination of poor financial practices, market instability, social risks, and operational hazards. Therefore, it was summarily found that: Scrap dealers in Nigeria experience rapid financial loss due to poor financial management, over-leveraging, market volatility, intense competition, theft, and operational vulnerabilities.

Analysis of Research Question II

The thematic analysis of the interview responses also identified several strategies that can help scrap dealers sustain income and overcome financial challenges. A central theme is diversification of scrap materials, where dealers reported that trading in a combination of metals, plastics, and electronic waste reduces dependency on a single commodity and buffers against market fluctuations. Related to this is financial planning and reinvestment, which includes setting aside a portion of profits for business expansion, emergency funds, or future lean periods. Respondents who practiced disciplined savings and reinvestment noted that they were better able to withstand market shocks and sustain their operations over time.

Another theme is skill development and entrepreneurial training, as dealers who participated in workshops, mentoring, or peer learning reported better decision-making, pricing strategies, and business growth. Collaboration and networking were also highlighted, with groups of dealers sharing market information, negotiating collectively with buyers, and supporting one another to reduce theft or exploitation. The use of digital tools and technology emerged as an additional strategy; respondents mentioned mobile applications and online platforms that allow for access to more buyers, fair pricing, and improved efficiency in sales and record-keeping. Health and safety precautions were another recurring theme, as dealers recognized that avoiding injuries and long-term exposure to hazardous materials ensures continuous operation and protects earnings.

Finally, respondents highlighted the importance of institutional support, including access to simplified regulations, government programs, and training opportunities, which can enhance credibility and stability in the informal scrap market. Collectively, these strategies demonstrate that sustaining income in scrap-dealing requires a combination of financial discipline, market diversification, skill enhancement, collaboration, and strategic use of resources. Dealers who implement these strategies are better able to navigate challenges such as price volatility, competition, and operational risks, thereby improving resilience and long-term profitability. Hence, it was found that: Scrap dealers can sustain income and overcome financial challenges by diversifying scrap materials, practicing financial discipline, enhancing entrepreneurial skills, collaborating with peers, using digital tools, and adopting health and safety measures.

Discussion of Findings

It was found that scrap dealers in Nigeria experience rapid financial loss due to poor financial management, over-leveraging, market volatility, intense competition, theft, and operational vulnerabilities. The interview data suggest that while dealers can make significant earnings in the short term, many lack the skills or structures to manage profits effectively. This aligns with Kareem and Idowu (2025), who found that most participants in the scrap trade have limited formal education, earn moderate incomes, and are exposed to health and operational risks without proper support, contributing to inconsistent earnings. Gyimah *et al.* (2021) similarly observed that many scrap collectors are school dropouts with little knowledge of safe practices, and although the trade reduces unemployment, their income often falls short of sustaining families. Theft and fraud were also prominent issues in the interviews, reflecting findings from Gregory (2025), who noted that child labor and household vulnerabilities increase exposure to exploitation and loss in scrap collection contexts. In addition, Yevuyibor (2015) highlighted that informal scrap dealers in Ghana face organizational and regulatory challenges that limit their capacity to protect earnings and prevent financial setbacks. Taken together, these studies support the idea that structural, social, and operational vulnerabilities, coupled with inadequate financial planning, explain why many scrap dealers in Nigeria quickly lose the income they earn, despite the trade's potential as a source of livelihood.

In addition, the study found that scrap dealers can sustain income and overcome financial challenges by diversifying scrap materials, practicing financial discipline, enhancing entrepreneurial skills, collaborating with peers, using digital tools, and adopting health and safety measures. Interview data revealed that dealers who actively spread their business across multiple materials or engage in small-scale recycling achieve more stable profits. This finding echoes Riasat (2024), who reported that diversification and local recycling practices in Rawalpindi increased income and reduced dependence on a single material. Similarly, Oyedele (2018) and Oyedele *et al.* (2018) found that entrepreneurial training, mentoring, and creativity positively influence skill acquisition and income generation among scrap operators in Nigeria, highlighting the role of knowledge and planning in sustaining livelihoods. Collaboration and organization were also emphasized in the interviews, consistent with Yevuyibor (2015), who observed that collective action among dealers in Ghana improved negotiation power and credibility. Moreover, Kareem and Idowu (2025) noted that the adoption of digital platforms and safety measures enhanced operational efficiency and reduced risks, further supporting sustained income. These studies together indicate that combining financial discipline, entrepreneurial capacity, market diversification, collaboration, and safe operational practices enables scrap dealers to overcome the factors that typically cause rapid financial loss, making the trade a more resilient and reliable source of income.

CONCLUSION

The findings of this study reveal significant consequences for the livelihoods of scrap dealers and the broader informal economy in Nigeria. The patterns of rapid financial loss highlight the precarious nature of income in the sector, indicating that even seemingly profitable ventures can leave individuals vulnerable to economic instability and social strain. These dynamics affect household well-being, as unpredictable earnings can compromise the ability to meet basic needs, support children's education, and maintain consistent living standards. At a community level, the volatility in scrap-dealing income contributes to broader cycles of poverty and inequality, as many dealers remain unable to accumulate wealth or invest in their businesses over time. The reliance on informal practices and the exposure to risks such as theft, fraud, and market fluctuations also points to the fragility of economic activity in unregulated sectors, where small disruptions can quickly translate into significant losses. The study recommends the following:

1. **For government agencies and financial institutions**: Scrap dealers in Nigeria should receive targeted training and support programs that focus on financial management, debt management, and risk mitigation. By providing workshops, mentorship schemes, and accessible financial services, these institutions can equip dealers with the skills and resources to manage earnings, navigate market fluctuations, and protect their businesses from operational risks and losses.
2. **For trade associations and scrap-dealing cooperatives**: Scrap dealers should be encouraged to adopt diversified business practices, entrepreneurial skill development, and collaborative networks, supported by the formation and strengthening of cooperatives. Through structured peer groups and professional associations, dealers can share knowledge, access training in innovative collection and recycling techniques, adopt digital tools for sales and inventory management, and implement health and safety measures.

Contribution to Knowledge

This study contributes to the literature by providing empirical evidence on the specific factors that lead to rapid financial loss among scrap dealers in Nigeria and the practical strategies that can help them sustain income and achieve financial stability. While previous research by Kareem and Idowu (2025), Gyimah *et al.*

(2021), Riasat (2024), Omar and Kyessi (2018), Oyedele (2018), Oyedele *et al.* (2018), Yevuyibor (2015), Gregory (2025), Atogebania (2015), and Fofana (2009) has examined the socio-economic benefits, operational risks, entrepreneurial skills, and sustainability of scrap-dealing in various contexts, few studies have directly explored how these factors interact to prevent sudden financial collapse and support long-term wealth accumulation specifically in Nigeria. By investigating both the causes of income instability and the strategies that promote financial resilience, this study fills a critical gap in understanding how scrap-dealing entrepreneurship can be leveraged as a reliable pathway for income generation and socio-economic improvement, providing hints that are directly applicable to the Nigerian informal economy.

Limitations of the Study and Suggestion for Further Studies

This study had some limitations that should be considered when interpreting the results. The sample size was relatively small, with seventy-four scrap dealers, which may not represent all scrap entrepreneurs across Nigeria. The study relied on self-reported information from interviews, so some responses might have been influenced by personal opinions or memory errors. Data collection focused on certain states and the Federal Capital Territory, leaving out other areas that might have different experiences. Time constraints also limited the depth of the investigation into some operational and financial practices among dealers.

Future studies could expand the research by including a larger and more diverse sample of scrap dealers across all regions of Nigeria. Researchers could also use a mix of methods, such as surveys, observations, and financial records, to get more detailed and objective data. Studying long-term income patterns and the effects of training or support programs on financial stability could provide valuable information. Comparing different types of scrap-dealing businesses or including dealers from other countries could help identify broader strategies for sustaining income and reducing financial risks. This would deepen understanding and provide more practical recommendations for improving livelihoods in the sector.

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Appendix A Helpful Fallout from Interview Responses

Based on the interview conducted, we gathered twenty practical ways scrap dealers can achieve financial freedom in Nigeria:

i. Diversify scrap materials to avoid relying on a single commodity.

ii. Keep accurate records of income and expenses for better financial control.

iii. Save a portion of profits regularly for emergencies and reinvestment.

iv. Avoid taking unplanned or high-interest loans to expand the business.

v. Invest in better tools and equipment to increase efficiency and output.

vi. Explore small-scale recycling or upcycling to add value to scrap materials.

vii. Attend workshops or training to improve business and entrepreneurial skills.

viii. Form cooperatives or associations with other dealers to strengthen bargaining power.

ix. Use digital platforms or mobile apps to reach more buyers and secure fair prices.

x. Build a network of reliable suppliers and buyers to reduce market risks.

xi. Implement safety measures to avoid injuries and maintain consistent work.

xii. Reinvest profits strategically rather than spending all earnings immediately.

xiii. Diversify income streams, such as offering collection services for households or businesses.

xiv. Monitor market trends to sell materials at the right time for maximum profit.

xv. Avoid risky practices like burning wires or unsafe handling that can lead to fines or loss.

xvi. Set business goals and create a simple financial plan for growth.

xvii. Keep minimal inventory to reduce losses from material depreciation.

xviii. Collaborate with local scrap recyclers or industries to secure bulk sales.

xix. Educate family members on saving and responsible spending to support household finances.

xx. Leverage social media or community advertising to expand customer base.